

Sanlam Limited  
(Incorporated in the Republic of South Africa)  
Registration number 1959/001562/06  
JSE share code: SLM  
NSX share code: SLA  
A2X share code: SLM  
ISIN: ZAE000070660  
("Sanlam" or "the Company")

Sanlam Life Insurance Limited  
(Incorporated in the Republic of South Africa)  
(Registration No. 1998/021121/06)  
LEI: 378900E10332DF012A23  
Bond issuer code: BISLI  
("Sanlam Life")

## **SPECIFIC REPURCHASE OF SANLAM SHARES**

### **1. INTRODUCTION AND RATIONALE**

On 11 March 2019 Sanlam concluded a Broad-Based Black Economic Empowerment ("B-BBEE") transaction to issue 111 349 000 new Sanlam ordinary shares, constituting 5% of the Sanlam ordinary share capital net of treasury shares, to SU BEE Investment SPV (RF) Proprietary Limited ("Subscription SPV") following approval by shareholders of Sanlam on 12 December 2018 ("B-BBEE Transaction"). Subscription SPV is a wholly owned subsidiary of SU BEE Funding SPV (RF) Proprietary Limited ("Funding SPV"). Shareholders are referred to the B-BBEE Transaction circular dated 12 November 2018.

The B-BBEE Transaction was implemented by way of a subscription for Sanlam shares by Subscription SPV with a par value of one cent each in the issued capital of Sanlam ("Subscription Shares"), at R70.00 per share representing a discount of 9.88% to the 3-day volume weighted average price of R77.67 per Sanlam ordinary share on 8 March 2019. The shareholders of Funding SPV consist of the Hlanganani-Kopanang Trust ("Master Trust") and UBI Subscriber SPV Proprietary Limited ("UBI Subscriber"), a company held (as to 80%) by Sanlam's anchor empowerment shareholder, Ubuntu-Botho Investments Proprietary Limited ("Ubuntu-Botho") and (as to 20%) by the Sanlam Ubuntu Botho Community Development Trust.

The B-BBEE Transaction comprised of a typical leveraged structure, funded by the Standard Bank of South Africa ("SBSA") and a wholly owned subsidiary of Sanlam ("Sanlam SPV Subscriber"). In this respect, SBSA provided a loan to Subscription SPV ("Equity Secured Funding") and subscribed for first ranking preference shares in the issued share capital of Funding SPV ("First Ranking Preference Shares"). Sanlam SPV Subscriber subscribed for second ranking preference shares in the issued share capital of Funding SPV ("Second Ranking Preference Shares").

The B-BBEE Transaction was dependent on dividends received on the Subscription Shares and share price appreciation on the Subscription Shares to create value for the beneficiaries of the B-BBEE Transaction. Unfortunately, among other things, the Covid-19 pandemic and subsequent market dislocations had a negative impact on equity markets in general, including the Sanlam share price which contributed to the negative equity position of Funding SPV and Subscription SPV (the "B-BBEE SPV Group"). This has resulted in significant impairments on the Second Ranking Preference Shares held by Sanlam SPV Subscriber and recognised and reported by the Sanlam group in the group's financial results since inception of the B-BBEE Transaction.

The initial date for the redemption of the First Ranking Preference Shares was 8 March 2024 ("Initial Unwind Date"). Repayment of the Equity Secured Funding was structured through the delivery of up to 26 217 716 Subscription Shares in full and final settlement of the outstanding Equity Secured Funding obligations with settlement occurring over a period that started in January 2024 and would end in May 2024. However, in order to redeem the First Ranking Preference Shares and the Second Ranking Preference Shares, the B-BBEE SPV Group would have to sell the remaining Subscription Shares ("SPV Sanlam Shares") in the open market. The board of Sanlam ("Board") is of the opinion that the sale of such a block of Sanlam shares is likely to have negative consequences for the Company and its shareholders.

The Board assessed the position of the B-BBEE SPV Group in June 2023 based on the preceding 6 months' average share price of Sanlam shares trading on the JSE Limited ("JSE") and concluded that there was a significant risk that the net equity value of the B-BBEE SPV Group would still be negative on the Initial Unwind Date. In order to create flexibility in settling the obligations of the B-BBEE SPV Group when the First Ranking Preference Shares became redeemable on the Initial Unwind Date, URD Beleggings Eiendoms Beperk ("URD"), a wholly owned subsidiary of Sanlam acquired the First Ranking Preference Shares from SBSA with effect from 30 June 2023.

This transaction was announced on the Stock Exchange News Service of the JSE on 14 August 2023. Following this acquisition, the Sanlam Group became the sole holder of the preference shares issued by Funding SPV. At that time the Board indicated that the Company would consider the future of the B-BBEE SPV Group in March 2024 after considering the prevailing market price of Sanlam shares on the JSE.

Based on a Sanlam share price of R72,97 the B-BBEE SPV Group had a calculated negative equity value of approximately R941 million on the Initial Unwind Date. The Board has therefore approved a transaction in terms of which a wholly owned subsidiary of Sanlam ("Sanlam Purchaser") has entered into an agreement with the trustees of the Master Trust and UBI Subscriber to acquire the ordinary shares in Funding SPV (including its wholly owned subsidiary Subscription SPV) at the nominal value of R100 (on the basis that the B-BBEE SPV Group has a negative equity value) ("B-BBEE SPV Acquisition").

Subject to the relevant approvals including the approval of shareholders, Sanlam will acquire the SPV Sanlam Shares (i.e. the Subscription Shares remaining after settling the Equity Secured Funding, limited to 86,000,000 Sanlam shares) for a price calculated as being the lower of R72,97 and a price representing the volume weighted average price at which Sanlam shares traded during the 30 business day period preceding the effective date of the repurchase of the SPV Sanlam Shares ("Sanlam Repurchase Transaction"). Following the implementation of the Sanlam Repurchase Transaction, application will be made to the JSE for the de-listing of the SPV Sanlam Shares and such shares will be cancelled and restored to the authorised share capital of Sanlam.

The B-BBEE SPV Acquisition is, among others, conditional upon shareholders approving the Sanlam Repurchase Transaction, which will be proposed at the Company's Annual General Meeting ("AGM") to be held on 5 June 2024 ("Sanlam Repurchase Approval"). Details relating to the Sanlam Repurchase Approval are contained in the Company's notice of AGM to be released on 28 March 2024.

## **2. RELATED PARTY CONSIDERATIONS**

Prior to the effective date of the B-BBEE SPV Acquisition, Funding SPV and Subscription SPV are associates of Ubuntu-Botho and deemed to be related parties of Sanlam for purposes of the JSE Listings Requirements.

Notwithstanding that the agreements for the B-BBEE SPV Acquisition and the Sanlam Repurchase Transaction will be concluded with related parties, the price at which the shares in Funding SPV will be purchased is below the threshold requiring a fairness opinion, and the price at which the Company will acquire the SPV Sanlam Shares from Subscription SPV will not be at a premium to the volume weighted average price at which shares in the Company trade over the 30 business days preceding such date. As such, a fairness opinion will not be required in terms of paragraph 5.69(e) of the JSE Listings Requirements. Furthermore, at the time of the implementation of the Sanlam Repurchase Transaction, the B-BBEE SPV Group will be wholly owned by the Company.

## **3. SOURCE OF FUNDS**

There will be no net additional outlay of funds by the Company since the full proceeds from the sale of the SPV Sanlam Shares will be used to partially settle the preference share obligations that the B-BBEE SPV Group owes to the Sanlam Group.

## **4. IMPACT OF THE REPURCHASE ON FINANCIAL INFORMATION**

The Sanlam Repurchase Transaction is cash neutral for the Group and will have no impact on the financial results as disclosed in the 2023 Sanlam Integrated Report and 2023 Annual Financial Statements since the B-BBEE SPV Group has been consolidated and the SPV Sanlam Shares have been treated as treasury shares.

## 5. IMPACT ON SANLAM'S BEE CREDENTIALS

The B-BBEE SPV Acquisition and Sanlam Repurchase Transaction will result in a deterioration in the South African black economic empowerment ("BEE") ownership credentials of Sanlam from 50,06% to 44,68%. As a Level 1 BEE contributor, Sanlam's black ownership credentials are already market leading. Sanlam will remain at a Level 1 BEE contributor and will continue to drive improvements in its overall BEE score through empowerment initiatives such as skills development, preferential procurement, enterprise and supplier development as well as socio-economic development.

## 6. SALIENT DATES

As set out earlier in this announcement, the Sanlam Repurchase Transaction will be approved as part of the resolutions set out in Sanlam's notice of AGM of which the salient dates and times will be released on SENS on Thursday, 28 March 2024.

Company's notice of AGM announcement released on SENS and notice of AGM made available on the website at <a href="http://www.sanlam.com">www.sanlam.com</a>	Thursday, 28 March 2024
Company AGM, Sanlam Repurchase Approval	Wednesday, 5 June 2024
Earliest possible date for fulfilment of conditions precedent to B-BBEE SPV Acquisition and Sanlam Repurchase Transaction ("Fulfilment Date")	Wednesday, 5 June 2024
Effective date for B-BBEE SPV Acquisition ("B-BBEE SPV Acquisition Effective Date")	5 business days following Fulfilment Date
Effective date for Sanlam Repurchase Transaction	3 business days following the B-BBEE SPV Acquisition Effective Date

Bellville  
28 March 2024

### Equity Sponsor to Sanlam

The Standard Bank of South Africa Limited

### Debt Sponsor to Sanlam Life Insurance Limited

Rand Merchant Bank, a division of FirstRand Bank Limited

### Legal Adviser to Sanlam

Norton Rose Fulbright South Africa

### Sanlam Limited

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